



**TESTIMONY
FINANCE COMMITTEE
Tuesday, April 21, 2015**

HB 7058, An Act Concerning the Hospital Tax

Good Morning,

My name is Pat McCabe and I am here today to testify on behalf of Yale New Haven Health System in strong support of HB 7058, An Act Concerning the Hospital Tax.

Yale New Haven Health System, through Bridgeport, Greenwich and Yale-New Haven Hospitals, and affiliated organizations, strives to provide access to integrated, high-value, patient-centered care in collaboration with others who share our values. Together with our team of over 20,000 employees and 6000 medical staff, we offer our patients a range of healthcare services, from primary care to the most complex care available anywhere in the world. Bridgeport, Greenwich and Yale-New Haven Hospitals are committed members of their local communities.

With the implementation of the Affordability Care Act, we have experienced a significant increase in Medicaid enrollment. The overwhelming majority of residents who obtain insurance from the Exchange land in Medicaid, a program that offers comprehensive coverage, yet limited access, and reimburses System affiliates an average of 65 cents on a dollar of cost. YNHHS hospital affiliates care for more than one third of the State's Medicaid clients and provide millions in free and uncompensated care to those who need our services and cannot pay for them.

The Hospital industry has suffered from the imposition of the hospital tax. Last year, YNHHS paid \$58.7 million in taxes after distributions to our hospitals were made. We've done extraordinary things to minimize the impact to patient care and it has been challenging.

When originally proposed, the hospital tax was levied to draw federal funds to help balance the State's budget. The taxes collected were returned to hospitals based on a formula that considered free and uncompensated care, though capped reimbursement so that hospitals like Yale-New Haven who serve the most people insured by Medicaid, were penalized for doing so. From the beginning, Greenwich Hospital was one of a handful of hospitals who were negatively impacted by implementation of the hospital tax, meaning the Hospital paid more in taxes than it received through the redistribution from the state. Last year, Greenwich Hospital paid \$10.9 million in taxes. Next year, under the Governor's proposed hospital tax increase, Greenwich will pay nearly \$18 million in taxes. Under the same proposal, we are told there will be a redistribution of some of the newly collected tax dollars, however, we heard that four years ago.

At a time when we are working to reduce health care costs, there are proposals to increase the hospital tax and reduce Medicaid reimbursement. We must stop looking to the hospital industry to solve the State's budget woes and we must begin to phase out this tax which is destabilizing an industry with high quality jobs that pay good wages, offer comprehensive benefits and stimulate the local economy.

Since the imposition of the tax, Connecticut hospitals have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure. This is having a negative effect on the State's economy.

We must focus health care dollars on quality and patient safety initiatives, and efforts to improve care efficiency. Our patients, staff and communities are relying on you and so am I. Please support HB 7058.

Thank you for your consideration.